

## Message Text

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ACTION SAB-01

INFO OCT-01 ARA-06 ISO-00 DODE-00 PM-04 NSC-05 SP-02 SS-15

L-03 CIAE-00 INR-07 NSAE-00 INRE-00 SSO-00 /044 W

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FM AMEMBASSY PANAMA

TO SECSTATE WASHDC IMMEDIATE 5425

INFO USCINCSO IMMEDIATE

GOVERNOR PANCANAL IMMEDIATE

C O N F I D E N T I A L PANAMA 6270

DEPARTMENT PASS TO CAPT. LUCAS, ODUSA, FROM KOZAK

E.O. 11652: GDS

TAGS: PFOR, PN

SUBJECT: U.S.-PANAMA TREATY NEGOTIATIONS: LAND/WATER AREAS.

I.

THIS MESSAGE NO. 7 FROM THE NEGOTIATORS APPLICABLE TO  
THE SEPTEMBER 1975 ROUND (SECOND STAGE).

II.

A. SHORTLY AFTER YOUR DEPARTURE OCTOBER 11 WE RECEIVED  
WORD THAT GOP TREATY ADVISER CARLOS LOPEZ-GUEVARA HAD  
REQUESTED FURTHER CLARIFICATION OF OUR LANDS AND WATERS  
POSITION ON AN "INFORMAL" BASIS. JOHN BLACKEN AND I  
MET WITH HIM THE AFTERNOON OF OCTOBER 11 AT BLACKEN'S  
RESIDENCE. LOPEZ-GUEVARA SEEMED DISAPPOINTED THAT YOU  
WERE NOT ABLE TO ATTEND.

III.

A. LOPEZ-GUEVARA STATED THAT HE HAD REPORTED PERSONALLY  
TO GENERAL TORRIJOS ON OUR EARLIER CLARIFICATION  
SESSIONS. TORRIJOS HAD PERCEIVED AN INCONSISTENCY  
BETWEEN THE U.S. LAND/WATER OFFER OF JANUARY 18 AND OUR  
EXPLANATION OF THAT OFFER (AS REPORTED TO HIM BY LOPEZ-  
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GUEVARA) WITH RESPECT TO CATEGORY 3 LANDS (SHARED USE).

LOPEZ HAD UNDERSTOOD OUR EXPLANATION AS MEANING THAT PANAMA WOULD HAVE UNRESTRICTED DISCRETION WITH RESPECT TO THE USE OF THESE LANDS, BUT WOULD SHARE THEM WITH THE U.S. FORCES FOR TRAINING PURPOSES IN THE EVENT PANAMA CHOSE TO RETAIN THEM AS MILITARY TRAINING AREAS. TORRIJOS HAD COMMENTED THAT IF THIS WERE THE CASE, IT WAS "CERTAINLY A CHANGE IN THE U.S. POSITION." WE EXPLAINED TO LOPEZ-GUEVARA THAT HIS UNDERSTANDING WAS NOT ENTIRELY CORRECT. THE U.S. POSITION ON CATEGORY 3 LANDS WAS BASED ON THE PREMISE THAT THEY WOULD CONTINUE TO BE USED FOR MILITARY TRAINING PURPOSES UNDER PANAMANIAN CONTROL.

B. LOPEZ-GUEVARA INDICATED THAT HE NOW UNDERSTOOD OUR POSITION CLEARLY. HE WENT ON TO COMMENT THAT PANAMA DID NOT CONTEMPLATE ANY SIGNIFICANT CHANGE IN THE USE OF THESE AREAS, WITH TWO EXCEPTIONS. THE U.S. HAD ALREADY TAKEN CARE OF ONE OF THEM IN ITS SEPTEMBER 5 OFFER BY MOVING AREA W-REPEAT W-(LOCATED NORTH OF FORT CLAYTON BORDERING ON PANAMA CITY). FROM CATEGORY 3 TO CATEGORY 1. THE OTHER EXCEPTION WAS AREA L-REPEAT L-(WEST BANK OF THE CANAL NEAR ARRIJA,). THE GOP IS UNDER GREAT PRESSURE TO MAKE MORE LAND IN THIS VICINITY AVAILABLE FOR AGRICULTURAL AND URBAN EXPANSION PURPOSES. WITH REGARD TO THE REMAINING AREAS DESIGNATED BY THE U.S. FOR SHARED USE, THERE WAS LITTLE PRACTICAL DIFFERENCE BETWEEN THE INTENTIONS OF THE TWO COUNTRIES. HOWEVER, PANAMA WOULD HAVE DIFFICULTY IN ACCEPTING A FORMAL TREATY COMMITMENT TO MAINTAIN THESE AREAS AS MILITARY TRAINING SITES. IT MIGHT BE VERY COSTLY TO MAINTAIN THESE AREAS IN PROPER CONDITION FOR MILITARY USE. INDEED, PANAMA WAS BEGINNING TO REALIZE THAT "SOVEREIGNTY HAS A PRICE". WE AGREED.

C. WE NOTED THAT HISTORICALLY IT WAS NOT UNCOMMON FOR A HOST COUNTRY TO AGREE TO SHARED USE OF FORMER U.S. BASES RETURNED TO HOST COUNTRY CONTROL. WE EXPLAINED THAT THIS IS THE CASE WITH REGARD TO CERTAIN FORMER U.S. BASES IN GERMANY, AND EXPLAINED THAT OUR ARRANGEMENTS THERE CONSISTED OF AGREEMENTS PROVIDING FOR SUCH TECHNICAL

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MATTERS AS SCHEDULING OF TRAINING EXERCISES AND THE HANDLING OF CLAIMS ARISING FROM THE USE OF THE AREAS BY U.S. FORCES. LOPEZ-GUEVARA SEEMED INTERESTED AND ASKED THAT WE SEND HIM COPIES OF AGREEMENTS OF THIS SORT. WE SAID WE WOULD DO SO.

IV.

A. IN THE COURSE OF THE DISCUSSION, LOPEZ GAVE THE IMPRES-

SION THAT GENERAL TORRIJOS WOULD BE MUCH MORE RESPONSIVE TO OUR OFFER IF IT COULD BE CLEARLY DEMONSTRATED THAT THE AREAS WE HAVE PROPOSED TO RETURN WOULD TRULY BE UNDER PANAMANIAN CONTROL, SUBJECT ONLY TO "NORMAL" RESTRICTIONS SUCH AS EASEMENTS AND ACCESS RIGHTS. HE ALSO INDICATED THAT WITHIN THE GOP THERE WAS SENTIMENT IN FAVOR OF RETAINING THE BASIC LAND USE STRUCTURE OF THE CANAL ZONE FAIRLY MUCH INTACT. PANAMA WOULD NOT PERMIT SIGNIFICANT COMMERCIAL AND AGRICULTURAL DEVELOPMENT OF THE CANAL ZONE, EVEN AFTER THE ENTIRE AREA COMES UNDER PANAMANIAN CONTROL AT THE END OF THE TREATY, SINCE "THE ZONE IS NECESSARY FOR THE EFFICIENT OPERATION OF THE CANAL." THE EXCEPTIONS TO THIS GENERAL THINKING WERE PANAMA'S REQUIREMENTS FOR DEVELOPMENT OF SOME "PERIPHERAL" AREAS TO RELIEVE URBAN GROWTH PRESSURES AND FOR SOME ARRANGEMENTS FOR THE DEVELOPMENT OF COMMERCIAL PORT FACILITIES ON BOTH SIDES OF THE ISTHMUS.

B. COMMENT: IT SEEMS TO ME THAT IT WOULD BE USEFUL FOR THE SUPPORT GROUP TO ADDRESS THE MATTER OF CATEGORY 3 AREAS IN THE NEAR FUTURE, SINCE THESE SEEM TO BE ONE OF THE MAJOR DIFFICULTIES PANAMA IS HAVING WITH OUR POSITION. WE MIGHT CONSIDER THE FEASIBILITY OF TRANSFERRING AREA L FROM CATEGORY 3 TO CATEGORY 1. ALTERNATIVELY, WE MIGHT CONSIDER A FORMULA WHEREBY PANAMA WOULD SHARE THESE AREAS WITH THE U.S., SO LONG AS THEY ARE MAINTAINED AS MILITARY AREAS, AND WOULD AGREE TO PROVIDE SUITABLE ALTERNATIVE TRAINING SITES IN THE EVENT IT NO LONGER WISHED TO MAINTAIN A PARTICULAR CATEGORY 3 SITE FOR TRAINING. MINISTER BELL SHARES THESE VIEWS. JORDEN

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